



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B41765

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February 1, 2013

Charter School Board
Imagine Indiana Life Sciences Academy East, Inc.
4352 N. Mitthoefer Rd.
Indianapolis, IN 46235-1224

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2010 to June 30, 2012. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 and 4 contain three audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Imagine Indiana Life Sciences Academy East, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

The Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

State Board of Accounts

SUPPLEMENTAL AUDIT REPORT

OF

IMAGINE INDIANA LIFE SCIENCES ACADEMY EAST, INC.

MARION COUNTY, INDIANA

July 1, 2010 to June 30, 2012

Fitzgerald | Isaac LLC
Certified Public Accountants

IMAGINE INDIANA LIFE SCIENCES ACADEMY EAST, INC.

MARION COUNTY, INDIANA

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IMAGINE INDIANA LIFE SCIENCES ACADEMY EAST, INC.

MARION COUNTY, INDIANA

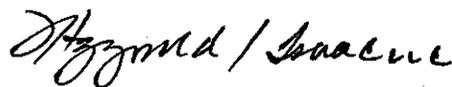
School Officials

Years Ended June 30, 2012 and 2011

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Theressa Wright	07/01/10 – 06/30/12
Executive Vice President	Jason Bryant	07/01/10 -- 06/30/12
Regional Director	Guy Platter	07/01/10 – 06/30/12
Principal	Brian Dinkins	07/01/10 – 06/30/12
Regional Business Manager	Amy Williams	07/01/10 – 06/30/12
Treasurer	Jody Winterrowd	07/01/10 – 05/01/11
Regional Accountant/Treasurer	Larysa Thorsteinson	05/01/11 – 06/30/12

The Board of Directors
Imagine Indiana Life Sciences Academy East, Inc.

We have audited the financial statements of **Imagine Indiana Life Sciences Academy East, Inc.** (the "School") as of and for the years ended June 30, 2012 and 2011 and have issued our report thereon dated November 13, 2012. As part of our audit, we tested the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.



Indianapolis, IN
November 13, 2012

IMAGINE INDIANA LIFE SCIENCES ACADEMY EAST, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

Years Ended June 30, 2012 and 2011

CASH RECEIPTING AND DEPOSITING

In our examination of cash receipts transactions, we noted the following concerns:

- A number of cash receipt books could not be located.
- There was no audit trail from receipt records to bank deposits.
- There was no assigned responsibility for cash collections.
- Cash collections were not deposited timely.
- Misclassifications in accounting for the nature of the receipts.

A receipt must be written on the form each time any money is received by the charter school, regardless of whether it is in the form of cash, check, money order, bank card/credit card, EFT (all of which must be indicated as payment type and amount) or other negotiable instrument...The duplicate is punched for containing in a post binder and serves as a permanent register of receipts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

All school corporation money must be deposited in the duly designated depository not later than the business day following the receipt of funds on business days of the depository designated in the same form in which the funds were received in accordance with IC 5-13-6-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 4)

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

IMAGINE INDIANA LIFE SCIENCES ACADEMY EAST, INC.

MARION COUNTY, INDIANA

Audit Results and Comments, Continued

CAPITAL ASSETS

The School maintains a property record for accounting purposes, but this record does not include all assets in the possession of the School. A large number of assets with an initial cost of less than \$1,000 have been expensed in accordance with the School's accounting policies. A complete record of assets, whether capitalized or expensed, should be produced and maintained for disaster recovery purposes.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

ELIGIBILITY VERIFICATION

In our audit of income eligibility for benefits under the Child Nutrition Program, the School was unable to produce documentation that data submitted on eligibility applications had been verified in fiscal year 2011 or 2012.

The results of test checks are to be reported to the Indiana Department of Education in accordance with 7CFR 245.6a...An error for purposes of the test-check is an approved application, attempted to be verified that cannot be verified by the program participants with requested income verification information (i.e., paycheck stub, W-2, etc.). (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

Unless eligible for an alternative sample size under paragraph (d) of this section, the sample size for each local educational agency shall equal the lesser of:

- (i) Three (3) percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; or
- (ii) 3,000 error prone applications approved by the local educational agency for the school year, as of October 1 of the school year. (7CFR 245.6a)

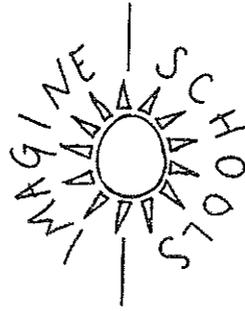
IMAGINE INDIANA LIFE SCIENCES ACADEMY EAST, INC.

MARION COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2012

The contents of this report were discussed on November 26, 2012, with Bianca Rivers (Principal), Guy Platter (Regional Director), Amy Williams (Regional Business Manager), and Larysa Thorsteinson (Treasurer). The Official Response has been made a part of this report and may be found on page 6.



Imagine Life Sciences Academy East

Marion County, IN

Official Response

July 1, 2010 to June 30, 2012

CASH RECEIPTING AND DEPOSITING

The School Business Manager who held responsibility of handling deposits failed to diligently comply with internal procedures and regulatory requirements. The school addressed and improved the cash receipting and depositing issue in the school year 2012-2013. Money collected and receipted each day by the business office. The business office attached supporting documentation of all cash receipted and all receipt books are reconciled to deposits on a monthly basis by the school treasurer.

CAPITAL ASSETS

The school will complete an inventory of all furniture, equipment, textbooks, computers, etc. by classroom before the close of the fiscal year.

ELIGIBILITY VERIFICATION

The Lunch Room Manager who held that position failed to diligently comply with internal procedures and regulatory requirements.

The Lunch Room Manager at the school has been replaced for the 2012-2013 school year. Specific training regarding the determination of eligibility and verification of income for the national school lunch program was performed during the fall of 2012. In addition, all national school lunch applications will be determined, certified and maintained by the lunch room manager and periodically reviewed for compliance by the school treasurer.